

ADOPTED 2006 BUDGET**DEPT:** DEPARTMENT OF ADMINISTRATIVE SERVICES – RISK MANAGEMENT**UNIT NO.** 1150**FUND:** Internal Service - 0040**OPERATING AUTHORITY & PURPOSE**

The Department of Administrative Services is created pursuant to Section 59.52(1) of the Wisconsin Statutes and Chapter 32 of the Milwaukee County Ordinances. Risk Management is responsible for administering the County's risk management program. Section 59.52(11)(a) of the Wisconsin Statutes authorizes the County to provide public liability and property damage insurance, either from commercial companies or by self-insurance created by setting up an annual fund for such a purpose, or by a combination thereof, covering without exclusion because of enumeration, motor vehicles, malfeasance of professional employees, maintenance and operation of County highways, parks, parkways and airports, and other County activities involving the possibility of damage to the general public, and provide fire and casualty insurance for all County property.

Section 59.52 (11)(d) of the Wisconsin Statutes authorizes the County to provide for the protection of the County and public against loss or damage resulting from the act, neglect or default of County officers, department administrators and employees, and to contract for and procure bonds or contracts of insurance to accomplish that purpose, either from commercial companies or by self-insurance created by setting up an annual fund for such purpose or by a combination thereof. Section 65.90(6) of the Wisconsin Statutes allows any county having a population of 500,000 or more to establish, maintain and levy a tax for a liability reserve fund for the purpose of paying liability claims or premiums on insurance to pay such claims. The annual taxes levied for the purpose may not exceed the level necessary to collect the amount recommended by an actuary, in accordance with generally accepted actuarial principles.

BUDGET SUMMARY				
Account Summary	2004 Actual	2005 Budget	2006 Budget	2005/2006 Change
Personal Services	\$ 346,033	\$ 347,452	\$ 363,456	\$ 16,004
Employee Fringe Benefits	177,155	208,875	206,371	(2,504)
Services	49,384	55,382	55,382	0
Commodities	3,288	8,270	8,270	0
Other Charges	5,148,783	5,635,286	5,597,439	(37,847)
Debt & Depreciation	5,374	18,939	18,939	0
Capital Outlay	6,881	0	0	0
Capital Contra	(6,881)	0	0	0
County Service Charges	115,684	147,596	132,259	(15,337)
Abatements	(113,017)	(275,329)	(259,849)	15,480
Total Expenditures	\$ 5,732,684	\$ 6,146,471	\$ 6,122,267	\$ (24,204)
Direct Revenue	30,586	188,706	188,706	0
State & Federal Revenue	0	0	0	0
Indirect Revenue	6,417,359	6,103,094	6,291,601	188,507
Total Revenue	\$ 6,447,945	\$ 6,291,800	\$ 6,480,307	\$ 188,507
Direct Total Tax Levy	\$ (715,261)	\$ (145,329)	\$ (358,040)	\$ (212,711)

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ADDITIONAL COSTS NOT INCLUDED IN TAX LEVY*				
Account Summary	2004 Actual	2005 Budget	2006 Budget	2005/2006 Change
Central Service Allocation	\$ 58,365	\$ 82,264	\$ 64,016	\$ (18,248)
Courthouse Space Rental	31,728	29,955	31,218	1,263
Document Services	943	1,380	0	(1,380)
Tech Support & Infrastructure	8,698	11,869	14,545	2,676
Distribution Services	804	604	917	313
Emergency Mgmt Services	0	0	0	0
Telecommunications	677	1,053	518	(535)
Record Center	1,771	1,876	1,036	(840)
Radio	0	0	0	0
Computer Charges	2,290	4,757	8,783	4,026
Applications Charges	7,741	11,571	8,816	(2,755)
Total Charges	\$ 113,017	\$ 145,329	\$ 129,849	\$ (15,480)
Direct Property Tax Levy	\$ (715,261)	\$ (145,329)	\$ (358,040)	\$ (212,711)
Total Property Tax Levy	\$ (602,244)	\$ 0	\$ (228,191)	\$ (228,191)

* These costs are included in other departmental and non-departmental budgets. They are reflected here to show the "total" amount of tax levy support for this Department.

PERSONNEL SUMMARY				
	2004 Actual	2005 Budget	2006 Budget	2005/2006 Change
Personal Services (w/o EFB)	\$ 346,033	\$ 347,452	\$ 363,456	\$ 16,004
Employee Fringe Benefits (EFB)	\$ 177,155	\$ 208,875	\$ 206,371	\$ (2,504)
Position Equivalent (Funded)*	5.5	5.5	5.8	0.3
% of Gross Wages Funded	90.6	90.7	95.8	5.1
Overtime (Dollars)**	\$ 0	\$ 0	\$ 0	\$ 0
Overtime (Equivalent to Position)	0.0	0.0	0.0	0.0

* For 2004, the Position Equivalent is the budgeted amount.

** Delineated for information. (Also included in personal services.)

PERSONNEL CHANGES				
Job Title/Classification	Action	Number of Positions/ Total FTE	Division	Cost of Positions (Excluding Fringe Benefits)
Employee Safety Coordinator	Funded	1/5	Risk Management	\$ 31,299
			TOTAL	\$ 31,299

MISSION

It is the mission of Risk Management to protect the health and safety of employees, citizens and users of the facilities and services of Milwaukee County, through the use of risk management, claims management and employee safety techniques.

DEPARTMENT DESCRIPTION

The Risk Management Section includes the following sections: Administration, Self-Insurance, Insurance Policy and Services and Claims Management (Workers' Compensation).

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The **Administration Section** supervises the professional staff, coordinates activities between departments, submits reports, reviews contracts for liability exposures and prepares budget documents. The unit is responsible for internal service fund accounting and cost allocations to departments. County-wide loss control activities are also administered by this section.

The **Self-Insurance Section** is responsible for property, general and automobile liability claim reporting, loss analysis, claim data and financing of self-retained losses.

The **Insurance Policy and Services Section** is responsible for selection of brokers, requests for proposals, determination of deductibles, limits and coverage, researching the market and negotiating with brokers and companies for bundled and unbundled insurance services.

The **Claims Management Section** is responsible for administering the Workers' Compensation claims of employees who sustain job-related injuries for medical-only and lost-time claims, and coordination of the return-to-work program. In addition, a database is maintained for all claims.

BUDGET HIGHLIGHTS

ADMINISTRATION

- Personal Services expenditures without fringe benefits increase by \$16,004, from \$347,452 to \$363,456. Funded positions increase by .3 positions due to the Employee Safety Coordinator position increasing to full time and vacancy and turnover adjustments.
- Direct revenue is budgeted at \$188,706, comprised of \$63,706 Milwaukee Public Museum insurance premiums and \$80,000 of projected dividends from Wisconsin County Mutual, \$22,500 from the Safety Trust Fund, \$15,000 from subrogation recoveries, and \$7,500 from claims reserve from the Local government Property Insurance Fund (LGPIF).
- All departments are required to operate within their expenditure appropriations and their overall

budgets. Pursuant to Section 59.60(12), Wisconsin Statutes, "No payment may be authorized or made and no obligation incurred against the county unless the county has sufficient appropriations for payment. No payment may be made or obligation incurred against an appropriation unless the director first certifies that a sufficient unencumbered balance is or will be available in the appropriation to make the payment or to meet the obligation when it becomes due and payable. An obligation incurred and an authorization of payment in violation of this subsection is void. A county officer who knowingly violates this subsection is jointly and severely liable to the county for the full amount paid. A county employee who knowingly violates this subsection may be removed for cause."

SELF-INSURANCE

- Expenditures for property, general and automobile liability claim reporting, loss analysis, claim data and financing of self-retained losses decreases \$2,700 to \$860,300.

INSURANCE POLICY AND SERVICES

- The cost of fiduciary insurance for the Pension Board is being paid directly by the Pension Board rather than through Risk Management.
- Insurance purchases for property, fine arts and airport liability are reduced \$128,663. This is offset by an increase in workers' compensation medical benefits of \$90,866.

CLAIMS MANAGEMENT (WORKERS' COMPENSATION)

- Workers' Compensation self-insurance expenditures increase \$90,866 due to increased cost of health care, which is partially offset with a reduction of \$7,828 in claims expense for a net increase of \$83,038. This expense is charged out to County departments.

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ACTIVITY AND STATISTICAL SUMMARY				
	2004 <u>Budget</u>	2004 <u>Actual</u>	2005 <u>Budget</u>	2006 <u>Budget</u>
<u>Risk Financing Cost</u>				
Retained Losses (Self-Insured)	\$ 863,000	\$ 863,000	\$ 863,000	\$ 860,300
Net Insurance Premiums	\$ 2,081,117	\$ 2,039,999	\$ 1,968,140	\$ 1,843,627
Workers' Compensation Claims Processed	1,075	1,069	1,075	1,075
Dollar Amount of Claims Processed	\$ 2,526,952	\$ 2,760,594	\$ 2,674,146	\$ 2,765,012